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January 10, 2014

*Via ECFS*

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Re: Notice of *Ex Parte* Presentation, WC Docket No. 13-184

Dear Ms. Dortch:

On January 8, 2014, representatives of TDS Telecom met with Commission staff responsible for the E-Rate program to discuss TDS Telecom's experiences with the program and how the program can be reformed to better serve schools and libraries. Present at the meeting for TDS Telecom were Matthew J. Loch, Vice President of Commercial Sales; Robert J. DeBroux, Director of Public Policy & Federal Regulatory Affairs; and Kay Midthun, Associate Manager of Commercial Promotions. The Commission staffers in attendance were Jonathan Chambers, Chief of the Office of Strategic Planning ("OSP"); Michael Steffen, of OSP; Lisa Hone, Deputy Division Chief of the Wireline Competition Bureau's Telecommunications Access Policy Division ("TAPD"); and Dania Ayoubi, James Bachtell, Charles Eberle, Mark Nadel, and Mark Walker, all of TAPD. Participating by phone were Regina Brown and Erica Myers of TAPD.

The meeting focused on how TDS Telecom uses the E-Rate program, the kinds of products and services the company makes available to schools and libraries, the factors that drive variances in costs, and the company's recommendations for how the program can be improved. Mr. Loch explained that the company's recommendations are informed by TDS Telecom's extensive experience in both urban and rural areas, both through its ILEC operations and through its CLEC subsidiary. In addition, TDS Telecom conducted a proactive survey to solicit the views of schools and libraries in its service areas regarding the E-Rate program. A document summarizing the results of that survey, along with TDS Telecom's recommendations, was distributed at the meeting, and a copy is attached hereto.

Pursuant to the Commission's rules, TDS Telecom is filing a copy of this letter in the above-referenced docket. Please address any questions concerning this submission to the undersigned.

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Yaron Dori', with a stylized, flowing script.

Yaron Dori  
*Counsel to TDS Telecom*

cc: Jonathan Chambers  
Michael Steffen  
Lisa Hone  
Dania Ayoubi  
James Bachtell  
Regina Brown  
Charles Eberle  
Erica Myers  
Mark Nadel  
Mark Walker

# **TDS E-Rate Program Survey of Schools and Libraries**

**Matt Loch, Bob DeBroux, Kay Midthun – TDS (608-664-4000)**

## **Objectives**

The E-Rate Program has provided an outstanding opportunity to improve schools and education in rural America, inner cities and other urban areas. Because of the government and USAC focus on improving the program, TDS Telecom proactively conducted an online survey of schools and libraries in our footprint to seek their input. Objectives of the survey were to:

- Provide a voice for schools and public libraries so they could give their opinions about the E-Rate program
- Assess how much schools and libraries rely on the E-Rate program
- Pinpoint the biggest challenges schools and libraries face in the E-Rate program so the government can set priorities
- Identify what types of services schools and libraries need now and in the near future
- Clarify whether schools want local decision-making authority about their services based on their needs and environment, or whether they prefer mandatory, across-the-board levels set by others
- Verify that the direct, one-on-one feedback about E-Rate we've previously received from schools and libraries is consistent with the majority

## **Survey Background Information**

We surveyed both customers and non –customers in our serving areas in November 2013. Thousands of schools were contacted and offered the opportunity to participate. No incentive was given to complete the survey. We explained we'd share overall results with government contacts so they could utilize the results to help evaluate and enhance the E-Rate program.

## **Key Take-Aways from Survey Results & Our Initial Recommendations**

### **1) Schools and libraries have a high level of reliance on the E-Rate program.**

83% of Respondents said E-Rate is Critical or Very Important for funding their communications.

#### ***Our Recommendation:***

- Increase or maintain E-Rate funding. Focus on evolving communication needs.

### **2) Respondents say the most challenging aspects of the E-Rate program are a Delay in Getting Funding Decisions, and Complexity (others include E-File Difficulties, and Confusing Forms).**

As of January 2014, many schools have still not received a funding commitment decision for the 2013-2014 funding year. This delay negatively impacts USAC, schools, and service providers. When

schools don't install services until they get approval late in the funding year, USAC/SLD's funding projections become inaccurate, workload increases, and funding is not used efficiently. Schools suffer because they don't have access to advanced technology until much later in the year. Sometimes they are trying to convert to IP technology to increase safety and get parents more involved in education, and their outdated communication system could fail at any time. Schools sometimes must delay even further because they can't disrupt students and teachers with an installation. Service providers have difficulty assigning resources when an installation timeline continues to change.

***Our Recommendations:***

***Avoiding a Delay in Funding***

- Begin the 471 Filing Window earlier, and extend it. Consider allowing schools to file 471s as soon as a new funding year begins (after the minimum 28-day bidding cycle). Move up the end date, so USAC could balance their workload and have time to review and approve funding requests by the beginning of the funding year. (EXAMPLE – open filing window on July 1, 2014, close window December 31, 2014 or January 31, 2015, give approval by July 1, 2015 funding year.)
- Consider only requiring schools and libraries to file 471s/Item 21s if there are changes to their existing services or the funding amount during the term of a contract.
- Create a USAC database of standard vendor service descriptions and eligibility. This would save an enormous amount of time for USAC reviewers, because multiple reviewers have to review the same vendor's service and components for many different Applicants (EXAMPLE – IP SERVICE).

***Reducing Complexity***

- Create a panel of schools/libraries and Service Providers to give USAC ideas to simplify forms and use easily-understood terms.
- Provide more detailed explanations from USAC on forms sent to Applicants and Service Providers.
- Provide a means for Applicants and Service Providers to contact the 471 reviewer whenever needed, rather than having to wait until a reviewer contacts them.
- Improve functionality of the E-File System. Conduct user testing for feedback, boost system processing capability, and email clear and easy-to-read alerts about processing milestones.
- Create one Information Technology Team with a toll-free number who can troubleshoot E-File system issues. Callers are sometimes shuffled back and forth between SLD and USAC to get E-File assistance (roles and responsibilities could be further clarified for those teams).

- 3) **Schools want to decide themselves how much bandwidth they need, and what level of services they need.** 90% of respondents say they want to decide themselves what their needs are. Some government representatives are seeking to set arbitrary thresholds for Internet speeds, for example. Schools and Libraries typically make good business decisions, and don't want to waste money or get services they don't need. Getting bandwidth they don't need would increase their costs, and would take away from other critical initiatives.

***Our Recommendations:***

- Enable Schools and Libraries to continue making decisions locally. In our experience, they are committed to doing what is best for their students and school/library. They are invested in their community, and have a keen understanding of how to use funding efficiently to get the best educational results for their students.
- Do not take the time and money to publish bids/price quotes. It would waste funding and greatly increase the workload for USAC/SLD. Publishing bids/prices from all Service Providers would increase prices for Schools/Libraries, because some Service Providers would

increase prices so they'd be more in line with other Providers. Most Schools create detailed criteria to select the Service Provider that best matches their service needs and provides an excellent value. They calculate value in many ways, such as by reliability and experience. For example, one School thought they had to choose only based on lowest price, so they selected a start-up Service Provider, and suffered when the Provider went out of business. In another case, an Applicant chose only based on price, but the service wasn't compatible and the School/Library spent much more in the long-run. Applicants best know how to make a business decision if they set price as the largest factor, and still have the ability to score on additional criteria they set (as allowed by E-Rate rules).

- 4) **Do not prioritize funding for increased bandwidth, because it's only a fraction of what Schools/Libraries need today and in the near future.** A huge number of our Schools and Libraries have migrated to an IP world, because it provides extensive benefits in their educational environment. For example, Schools and Libraries need IP communication that increases safety, and allows for ongoing communication with emergency services and parents. They also have to foster more open communication with parents so they can take a more active role in their children's education, and efficiently maintain contact with teachers and administrators.

***Our Recommendations:***

- In the survey, almost as many Respondents want E-Rate funding for an IP service now or in the near future as those who want more bandwidth. Both IP and higher bandwidth were needed by a majority of Respondents. Enable Schools and Libraries to decide what their priorities are.
- Ensure that funds are used efficiently. A great deal of competition already exists. Do not waste program funds by allowing overbuilding, or by arbitrarily pushing for consortium purchases that would erode the number of competitors and choices for Schools/Libraries..

- 5) **Provide more support to Applicants and align processes with how a School/Library and Service Provider functions.** Schools and Libraries put off the E-Rate process partially because it's complicated and confusing to them. Some spend more money to hire an E-Rate Consultant to assist them in filing forms. There are many Consultants that are very good, and others who aren't as skilled and may inadvertently provide information that is inaccurate, or post for the same services each year without assessing the School/Library's changing technology needs.

***Our Recommendations:***

- Reach out to Applicants and Service Providers to determine how they would like to receive information, and what they'd like to learn about. For example, they may want a short video that walks through how to complete an E-Rate form, in addition to written instructions.
- Educate about E-Rate rules and deadlines, and provide ongoing communication to overcome confusion and misinformation.
- Do not require top level executives to sign or approve E-Rate forms or documentation. It's not feasible. They are responsible for ensuring their organization adheres to E-Rate rules, so they should determine how their organization handles processes (EXAMPLE – do not require Chief Executive Officers or Presidents to approve forms. They do not handle administrative tasks and that level of detail, so their signature is not meaningful in this instance.)